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7 August 1957

MEMORANDUM FOR THE RECORD

SUBJECT: Finances and Accounting of Project AERODYNAMIC

PARTICIPANTS: [] , SR/PP; [] , SR/B&F;
[] , Office of the Comptroller; [] ,
SR3/W3.

The meeting was arranged to discuss matters of finance and accounting of Project AERODYNAMIC and was held in the offices of [] : on Tuesday, 6 August 1957. The following matters were discussed:

1. The problem of paying salaries to AECASSOWARIES 4 and 15 under the new Revised Administrative Plan of Project AERODYNAMIC. Since both AECASSOWARIES have been paid out of AERODYNAMIC funds as of 1 March 1957, and since the proposed budget for FY1958 makes no provisions for these men, it is necessary to withdraw funds from Project AECARTHAGE and pay Prolog Associates the salaries for July, August, and September. Since there is no provision under the present Revised Administrative Plan for the use of the Prolog Associates as a funding mechanism for other projects, it is necessary to make such an amendment or to provide for a complete revision of the plan. Under this provision, Prolog Associates could then be utilized as a funding mechanism for Project AECARTHAGE and other special projects that utilize the AECASSOWARIES. This is very convenient for purposes of cover, and to eliminate the sporadic payment of salaries under a monthly agent salary payment set-up. Thus, if the revision is approved, as of 1 October 1957, the quarterly advance to Prolog Associates would include \$2400 of AECARTHAGE funds for the payment of salaries for AECARTHAGES 4 and 15.

2. [] brought up the fact that AECASSOWARY 2 had inquired about the possibility of stopping the direct payment of monies into any of the AECASSOWARIES. This was directed primarily at the projects under SR/7. It seems that AECASSOWARY 2 feels that for purposes of control and also for morale purposes it would be wiser if all monies were channeled through the Prolog Associates, instead of being paid directly to an individual AECASSOWARY for services he may have rendered under a specific project. It was decided that it was up to SR/3 and SR/7 to iron this matter out, and that if the proposed revision to allow the use of Prolog Associates as a funding mechanism is approved, there would be not be any difficulty in accounting for these funds.

3. Part II, Paragraph 6 of the Revised Administrative Plan states, "Letters of understanding acknowledging ODYOKE interest in and control of Prolog Associates and establishing the directors and officers' relationships and responsibilities to ODYOKE by reason

SECRET

SECRET

thereof, shall be obtained from each director and officer, together with signed but undated letters of resignation." These documents would be rather difficult to obtain from a group with whom we have been working smoothly for ten years. For this reason, it is again necessary to amend or rewrite the Revised Administrative plan in such a way as to delete or to soften the documents required in Paragraph 6. The undersigned has arranged to meet with [] and [] formerly of PAPS, to discuss means of amendment or revision of the Administrative Plan to include these features.

4. [] suggested that SR/3 work with cover to provide for a more secure funding mechanism, in view of the fact that New York welfare laws are very strict on non-profit organizations and that a New York state-approved audit will be necessary in 1958. He suggested the possibility of organizing a token fund-raising committee for purposes of cover. [] stated that he has made arrangements with [] of cover to investigate the possibilities of setting up such an organization.

5. In view of the fact that AECASSOWARY 3 will be arriving from Germany in PBPRIME around the middle of August 1957, it is planned to have a meeting with him at Prolog Associates offices at that time to discuss matters dealing with funding of field activities of Project AERODYNAMIC thro Prolog Associates. Participants will include [] the Undersigned, and if possible the new PP case officer who will be handling Project AERODYNAMIC. It is suggested that upon arrival of AECASSOWARY 3 (ostensibly to solicit funds from Prolog Associates), AECASSOWARY 2 be instructed to write letters on Prolog stationery to the newspapers in Germany stating that his organization is interested in helping the papers financially. This could be utilized by the newspapers for cover purposes and to explain the source of their income.

6. Other matters discussed included the problem of severance pay for 5 men in New York who have been dropped under the new budget cut, the severance pay for the personnel dropped in the field and matters of accounting for the past quarter.

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SR 3/ W3 []

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